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FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC 2389
INFO RUEHAC/AMEMBASSY ASUNCION 6513
RUEHBO/AMEMBASSY BOGOTA 3837
RUEHBR/AMEMBASSY BRASILIA 7719
RUEHBU/AMEMBASSY BUENOS AIRES 4965
RUEHCV/AMEMBASSY CARACAS 2206
RUEHPE/AMEMBASSY LIMA 2295
RUEHMD/AMEMBASSY MADRID 3301
RUEHMN/AMEMBASSY MONTEVIDEO 4387
RUEHNE/AMEMBASSY NEW DELHI 0101
RUEHQT/AMEMBASSY QUITO 4849
RUEHSG/AMEMBASSY SANTIAGO 9437
RUEHKO/AMEMBASSY TOKYO 0281
RUEHUB/USINT HAVANA 0127
RHMFIUU/HQ USSOUTHCOM MIAMI FL
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RUCPDO/DEPT OF COMMERCE WASHINGTON DC
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UNCLAS LA PAZ 000334

SIPDIS

SENSITIVE
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STATE FOR WHA/AND LPETRONI
COMMERCE FOR JANGLIN
TREASURY FOR SGOOCH

E.O. 12958: N/A
TAGS: [EMIN](#) [EINV](#) [ECON](#) [PREL](#) [PGOV](#) [BL](#)
SUBJECT: MINERS' COOPERATIVES CONVERGE ON LA PAZ

REF: A. LA PAZ 137
[1](#)B. 06 LA PAZ 2860

SUMMARY

[1](#)1. (U) An estimated 10,000 cooperative-affiliated miners converged on La Paz February 6 to protest proposed mining tax increases (ref A), vowing to remain in the city until the GOB accedes to their demands. Marchers brandished sticks of dynamite and threatened nationwide road blockades and other measures. The protest occurred despite GOB officials' January 30 offer to exempt cooperatives from tax increases while negotiating an agreed solution. End summary.

MINERS CONVERGE ON LA PAZ

[1](#)2. (U) An estimated 10,000 cooperative-affiliated miners converged on La Paz February 6 to protest proposed mining tax increases (ref A), vowing to remain in the city until the GOB agrees not to raise taxes. Miners' cooperatives are currently subject to the complementary mining tax (ICM), set on a sliding scale that varies by mineral, imposes different tax rates at different mineral prices, and sets minimum and maximum tax rates. Cooperatives have repeatedly opposed the GOB's proposed tax hikes, arguing that narrow profit margins on cooperative-operated mines make it impossible to pay higher taxes.

[1](#)3. (U) Marchers brandished sticks of dynamite and threatened nationwide road blockades and other measures if the GOB moves

ahead with tax increases. National Federation of Cooperative Miners (FENCOMIN) President Andres Villca suggested February 6 that cooperatives could take control of Huanuni's Cerro Posokoni, site of October 2006 clashes between cooperative miners and state mining employees (ref B), and seize properties held by Comibol, Bolivia's state-owned mining company.

14. (U) The miners' protest occurred despite GOB officials' January 30 offer to exempt cooperatives from tax increases while negotiating a mutually acceptable solution. Minister of Mining Jose Dalance reportedly made the offer in hopes of encouraging miners' cooperatives to restart stalled negotiations. FENCOMIN rejected the minister's appeal, calling instead for his resignation and declaring that cooperatives would talk only to President Morales.

COMMENT

15. (SBU) Press reports indicate that the cooperatives' "pressure measures" may continue, raising the potential for violence not only in La Paz, but also in mining-dependent cities like Potosi and Oruro. Prolonged demonstrations and nationwide road blockades could, as in the past, bring the country to a halt, exacerbating already high tensions and presenting yet another challenge for the Morales administration. In the face of this threat, the GOB may have every incentive to accede to miners' demands, but achieving consensus may be a long and difficult process. End comment.
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